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 Garrett A. Fail

Attorneys for Lehman Brothers Holdings Inc.
 and Certain of Its Affiliates

**UNITED STATES BANKRUPTCY COURT
 SOUTHERN DISTRICT OF NEW YORK**

-----X	
In re	: Chapter 11 Case No.
	:
LEHMAN BROTHERS HOLDINGS INC., et al.,	: 08-13555 (SCC)
	:
Debtors.	: (Jointly Administered)
-----X	

**NOTICE OF HEARING ON THE PLAN ADMINISTRATOR'S
 OBJECTION TO CLAIM NUMBERS 12589 AND 12590**

PLEASE TAKE NOTICE that on July 24, 2015 Lehman Brothers Holdings Inc. (“**LBHI**”), as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its Affiliated Debtors for the entities in the above-referenced chapter 11 cases, filed an objection to claim numbers 12589 and 12590 filed by Westernbank Puerto Rico (“**Objection**”), and that a hearing (the “**Hearing**”) to consider the Objection will be held before the Honorable Shelley C. Chapman, United States Bankruptcy Judge, in Courtroom 623 of the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004, on **September 9, 2015 at 10:00 a.m. (Eastern Time)**, or as soon thereafter as counsel may be heard.

PLEASE TAKE FURTHER NOTICE that any responses to the Objection must be in writing, shall conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, shall be filed with the Bankruptcy Court (a) electronically in

accordance with General Order M-399 (which can be found at www.nysb.uscourts.gov) by registered users of the Bankruptcy Court's filing system, and (b) by all other parties in interest, on a CD-ROM or 3.5 inch disk, preferably in Portable Document Format (PDF), WordPerfect, or any other Windows-based word processing format (with a hard copy delivered directly to Chambers), in accordance with General Order M-182 (which can be found at www.nysb.uscourts.gov), and shall be served in accordance with General Order M-399 upon (i) the chambers of the Honorable Shelley C. Chapman, One Bowling Green, New York, New York 10004, Courtroom 621; (ii) attorneys for LBHI, Weil, Gotshal & Manges LLP, 767 Fifth Avenue, New York, New York 10153 (Attn: Garrett A. Fail, Esq., and Katherine Doorley, Esq.); (iii) the Federal Deposit Insurance Corporation, Professional Liability Unit, 3501 Fairfax Drive, VS-B-7056, Arlington, VA 22226 (Attn: John V. Church, Esq.) and (iv) the Office of the United States Trustee for Region 2, U.S. Federal Office Building, 201 Varick Street, Suite 1006, New York, New York 10014 (Attn: William K. Harrington, Esq., Susan Golden, Esq., and Andrea B. Schwartz, Esq.); so as to be so filed and received by no later than **August 24, 2015 at 4:00 p.m. (Eastern Time)** (the "Response Deadline").

PLEASE TAKE FURTHER NOTICE that if no responses are timely filed and served with respect to the Objection, the Plan Administrator may submit to the Bankruptcy Court an order substantially in the form of the proposed order annexed to the Objection, which order may be entered with no further notice or opportunity to be heard offered to any party.

Dated: July 24, 2015
New York, New York

/s/ Garrett A. Fail
Garrett A. Fail

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PLAN ADMINISTRATOR’S OBJECTION TO CLAIM NUMBERS 12589 AND 12590

TO THE HONORABLE SHELLEY C. CHAPMAN
 UNITED STATES BANKRUPTCY JUDGE:

Lehman Brothers Holdings Inc. (“LBHI”), as Plan Administrator under the
 Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and Its
 Affiliated Debtors (the “Plan”) for the entities in the above-referenced chapter 11 cases
 (collectively, the “Chapter 11 Estates”), respectfully represents as follows:

Relief Requested

1. Westernbank Puerto Rico (“Westernbank”) filed proofs of claim number
 12589 and 12590 (the “Westernbank Claims”) against LBHI and Lehman Brothers Special

Financing Inc. (“LBSF”), respectively.¹ The Westernbank Claims remain Disputed (as such term is used in the Plan). Proof of claim number 12589 asserted a guarantee claim of \$489,575.00, and proof of claim number 12590 asserted a direct claim of \$2,009,225.00, based on a derivatives contract. The Plan Administrator has examined the proofs of claim and believes that LBHI has no liability on account of the guarantee claim and has determined that proof of claim number 12590 should be reduced and allowed on the basis that the amount listed on the proof of claim is greater than the fair, accurate and reasonable value determined by the Plan Administrator after a review of Westernbank’s supporting documentation. The Plan Administrator therefore requests entry of an Order allowing claim number 12590 in the reduced amount of \$240,000 and disallowing claim number 12589 in its entirety.

Jurisdiction

2. This Court has jurisdiction to consider this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b).

Background

3. Commencing on September 15, 2008 and periodically thereafter, LBHI and certain of its subsidiaries commenced with this Court voluntary cases under chapter 11 of the Bankruptcy Code. The chapter 11 cases have been consolidated for procedural purposes only and are being jointly administered pursuant to Bankruptcy Rule 1015(b).

4. On December 6, 2011, the Court entered an order confirming the Plan. The Plan became effective on March 6, 2012.

¹The Plan Administrator has been informed that, on April 30, 2010, Westernbank was closed by the Office of the Commissioner of Financial Institutions of the Commonwealth of Puerto Rico, and the Federal Deposit Insurance Corporation was appointed as Receiver (“FDIC-R”). As of that date, as a matter of law, pursuant to Title 12 of the United States Codes, the FDIC-R became the holder of the Westernbank Claims.

5. Pursuant to the Plan, the Plan Administrator is authorized to, among other things, control and effectuate the claims reconciliation process and to interpose and prosecute objections. Plan §6.1(b).

The Revalued Derivatives Claims Should be Revalued and Allowed

6. A filed proof of claim is “deemed allowed, unless a party in interest . . . objects.” 11 U.S.C. § 502(a). Section 502(b) provides that if an objection is made “the court, after notice and a hearing, shall determine the amount of such claim . . . as of the date of the filing of the petition.” 11 U.S.C. § 502(b).

7. In reviewing the Westernbank Claims, the Plan Administrator has identified proof of claim number 12590 as a claim that should be reduced and allowed on the basis that the amount listed on the proof of claim is greater than the fair, accurate and reasonable value determined by the Plan Administrator after a review of Westernbank’s supporting documentation. In reviewing derivatives claims such as claim number 12590, the Plan Administrator (i) collects and reviews documents related to the relevant claim, (ii) reconciles posted collateral and any cash payments already received, made or missed; and (iii) reviews the valuation methodology used by the claimant to determine the value of the claim. The Plan Administrator also engages in, to the extent the holder is willing to so engage, negotiations with the holder of the claim that often include the exchange of detailed information and may extend over a period of months. Moreover, in connection with proof of claim number 12589, neither the Plan Administrator nor Westernbank were able to locate in their books and records a fully-executed specific guarantee by LBHI of any of LBSF’s obligations. The Plan Administrator believes that LBHI has no liability on account of the alleged guarantee and disputes the value of the derivatives contract.

8. The Plan Administrator requests that claim 12589 be disallowed and expunged in its entirety and that claim 12590 be reduced and allowed in an amount that properly reflects the value of the claim.²

Notice

9. No trustee has been appointed in these chapter 11 cases. Notice of this objection has been provided to (i) the United States Trustee for Region 2; (ii) the Securities and Exchange Commission; (iii) the Internal Revenue Service; (iv) the United States Attorney for the Southern District of New York; (v) Westernbank; (vi) the Federal Deposit Insurance Corporation, Professional Liability Unit, 3501 Fairfax Drive, VS-B-7056, Arlington, VA 22226 (Attn: John V. Church, Esq.) and (vii) all other parties entitled to notice in accordance with the procedures set forth in the second amended order entered on June 17, 2010 governing case management and administrative procedures for these cases [ECF No. 9635]. The Plan Administrator submits that no other or further notice need be provided.

10. Other than the One Hundred Thirty-Eighth Omnibus Objection to Claims, which has been withdrawn, no previous request for the relief sought herein has been made by the Plan Administrator or the Chapter 11 Estates to this or any other Court.

²The Plan Administrator reserves all of rights of the Chapter 11 Estates with respect to the Westernbank Claims, and to the extent the relief requested in this objection is not granted, nothing herein shall constitute an admission by the Plan Administrator or Chapter 11 Estates as to the validity or amount of the Westernbank Claims.

WHEREFORE the Plan Administrator respectfully requests entry of an order
granting the relief requested herein and such other and further relief as is just.

Dated: July 24, 2015
New York, New York

/s/ Garrett A. Fail
Garrett A. Fail

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Debtors.	: (Jointly Administered)
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ORDER GRANTING OBJECTION TO CLAIM NUMBERS 12589 AND 12590

Upon the objection to claim numbers 12589 and 12590, filed by Westernbank Puerto Rico (“Westernbank”), dated July 24, 2015 (the “Objection”),³ of Lehman Brothers Holdings Inc., as Plan Administrator under the Modified Third Amended Joint Chapter 11 Plan of Lehman Brothers Holdings Inc. and its Affiliated Debtors; and due and proper notice of the Objection having been provided as stated therein, and it appearing that no other or further notice need be provided; and the Court having found and determined that the relief sought in the Objection is in the best interests of the Chapter 11 Estates, their creditors, and all parties in interest, and that the legal and factual bases set forth in the Objection establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor, it is

ORDERED that the relief requested in the Objection is granted; and it is further

ORDERED that claim number 12589 is hereby disallowed and expunged in its entirety with prejudice; and it is further

ORDERED that, claim number 12590 is hereby reduced and allowed in the amount that is set forth on Exhibit 1 next to the row heading “Claim as Modified”; and it is further

³ Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Objection.

ORDERED that this Court shall retain jurisdiction to hear and determine all matters arising from or related to this Order.

Dated: _____, 2015
New York, New York

UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 1

EXHIBIT 1 - REDUCE AND ALLOW CLAIM

NAME	CLAIM #	FILED DATE	ASSERTED DEBTOR	MODIFIED DEBTOR	AMOUNTS				
					ADMINIS-TRATIVE	SECURED	PRIORITY	UNSECURED	TOTAL
1 WESTERNBANK PUERTO RICO	12590	9/14/09	Lehman Brothers Special Financing Inc.	Lehman Brothers Special Financing Inc.					
			AMOUNT SUBJECT TO OBJECTION			\$1,519,650.00		\$489,575.00	\$2,009,225.00
			CLAIM AS MODIFIED			\$0.00		\$240,000.00	\$240,000.00
			TOTAL AMOUNT SUBJECT TO OBJECTION			\$1,519,650.00		\$489,575.00	\$2,009,225.00
			TOTAL CLAIMS AS MODIFIED			\$0.00		\$240,000.00	\$240,000.00